

REGISTERED NUMBER: 03605592 (England and Wales)

**REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2011
FOR
HENCAN (SOUTHERN) LIMITED**



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for the Year Ended 31 July 2011**

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HENCAN (SOUTHERN) LIMITED

COMPANY INFORMATION
for the Year Ended 31 July 2011

DIRECTOR: R F C Cantle

SECRETARY: D Cantle

REGISTERED OFFICE: Herschel House
58 Herschel House
Slough
Berkshire
SL1 1PG

REGISTERED NUMBER: 03605592 (England and Wales)

AUDITORS: Oury Clark Chartered Accountants
Registered Auditors
P O Box 150, Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1HD

**REPORT OF THE DIRECTOR
for the Year Ended 31 July 2011**

The director presents his report with the financial statements of the company for the year ended 31 July 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of building contractors

DIRECTOR

R F C Cantle held office during the whole of the period from 1 August 2010 to the date of this report

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

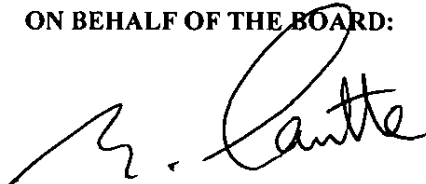
So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Oury Clark Chartered Accountants, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

ON BEHALF OF THE BOARD:



R F C Cantle - Director

27 April 2012

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HENCAN (SOUTHERN) LIMITED

We have audited the financial statements of Hencan (Southern) Limited for the year ended 31 July 2011 on pages five to twelve. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page two, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the director, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Director to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

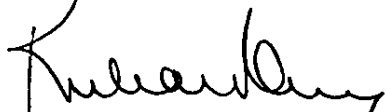
In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
HENCAN (SOUTHERN) LIMITED**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the Report of the Director



Richard Oury (Senior Statutory Auditor)
for and on behalf of Oury Clark Chartered Accountants
Registered Auditors
P O Box 150, Herschel House
58 Herschel Street
Slough
Berkshire
SL1 1HD

27 April 2012

HENCAN (SOUTHERN) LIMITED (REGISTERED NUMBER: 03605592)

**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 July 2011**

	Notes	31 7 11 £	31 7 10 £
TURNOVER		2,134	1,877,882
Cost of sales		53,645	1,724,509
GROSS (LOSS)/PROFIT		(51,511)	153,373
Administrative expenses		137,716	180,409
		(189,227)	(27,036)
Other operating income		101,288	(1,980)
OPERATING LOSS	2	(87,939)	(29,016)
Interest receivable and similar income		950	33
		(86,989)	(28,983)
Interest payable and similar charges		315,206	170,888
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(402,195)	(199,871)
Tax on loss on ordinary activities	3	(590,967)	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		188,772	(199,871)

The notes form part of these financial statements

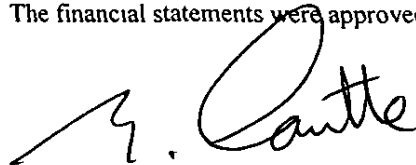
BALANCE SHEET
31 July 2011

	Notes	31 7 11 £	£	31 7 10 £	£
FIXED ASSETS					
Tangible assets	4		30,538		2,667
CURRENT ASSETS					
Stocks		4,448,356		2,233,493	
Debtors	5	754,392		192,657	
Investments	6	(483,051)		(536,894)	
Cash at bank		15,897		24,515	
		<u>4,735,594</u>		<u>1,913,771</u>	
CREDITORS					
Amounts falling due within one year	7	<u>6,641,364</u>		<u>3,980,442</u>	
NET CURRENT LIABILITIES			<u>(1,905,770)</u>		<u>(2,066,671)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,875,232)</u>		<u>(2,064,004)</u>
CAPITAL AND RESERVES					
Called up share capital	9		2		2
Profit and loss account	10		<u>(1,875,234)</u>		<u>(2,064,006)</u>
SHAREHOLDERS' FUNDS			<u>(1,875,232)</u>		<u>(2,064,004)</u>

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

BALANCE SHEET - continued
31 July 2011

The financial statements were approved by the director on 27 April 2012 and were signed by

A handwritten signature in black ink, appearing to read 'R. Cantle', is written over the text 'The financial statements were approved by the director on 27 April 2012 and were signed by'.

R F C Cantle - Director

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 July 2011

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the going concern basis as, despite the negative reserves carried forward at the year end, the sale of properties since the year end and the projected sale of properties after the date of sign off are calculated to result in an overall positive reserve balance

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Plant and machinery etc - 20% on cost

Work in progress

Work in progress is shown in the accounts at the lower of cost or net realisable value

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease

2 OPERATING LOSS

The operating loss is stated after charging

	31 7 11	31 7 10
	£	£
Depreciation - owned assets	9,661	2,164
	<u> </u>	<u> </u>
Director's remuneration and other benefits etc	-	-
	<u> </u>	<u> </u>

3 TAXATION

Analysis of the tax credit

The tax credit on the loss on ordinary activities for the year was as follows

	31 7 11	31 7 10
	£	£
Deferred tax	(590,967)	-
	<u> </u>	<u> </u>
Tax on loss on ordinary activities	(590,967)	-
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2011

4 TANGIBLE FIXED ASSETS

	Plant and machinery etc £
COST	
At 1 August 2010	7,295
Additions	37,532
At 31 July 2011	<u>44,827</u>
DEPRECIATION	
At 1 August 2010	4,628
Charge for year	9,661
At 31 July 2011	<u>14,289</u>
NET BOOK VALUE	
At 31 July 2011	<u>30,538</u>
At 31 July 2010	<u>2,667</u>

5 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 7 11 £	31 7 10 £
Trade debtors	48,584	129,936
Other debtors	705,808	62,721
	<u>754,392</u>	<u>192,657</u>

6 CURRENT ASSET INVESTMENTS

	31 7 11 £	31 7 10 £
Investment in joint venture	<u>(483,051)</u>	<u>(536,894)</u>

For details of joint venture transactions see note 14

7 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 7 11 £	31 7 10 £
Trade creditors	337,141	117,251
Other creditors & accruals	6,304,223	3,863,191
	<u>6,641,364</u>	<u>3,980,442</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2011

8 SECURED DEBTS

The following secured debts are included within creditors

	31 7 11	31 7 10
	£	£
Loans	<u>5,541,968</u>	<u>3,740,517</u>

Dunbar Bank Plc have a first legal charge over the freehold property at White Place Farm, Cookham, Berkshire

Dunbar Bank Plc also have a floating charge over all of the company's assets and undertakings

PSM Residential Finance Limited have a second charge by way of legal mortgage over the property at White Place Farm, Cookham, Berkshire

PSM Residential Finance also have an assignment by way of security over any rental income and sales proceeds arising from the property as well as a fixed and floating charge over all other assets of the company and a first fixed charge over the company's entire issued share capital

Close Brothers Limited have a first mortgage debenture over the freehold interest in the property at Broadway Farmhouse, Waterlooville and full assignments of all rental income therefrom

9 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			31 7 11	31 7 10
Number	Class	Nominal value	£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>

10 RESERVES

	Profit and loss account £
At 1 August 2010	(2,064,006)
Profit for the year	<u>188,772</u>
At 31 July 2011	<u>(1,875,234)</u>

11 TRANSACTIONS WITH DIRECTOR

The director has granted personal guarantees of £1,121,000 plus interest, charges, costs and expenses to Dunbar Bank Plc, up to £1,000,000 to PSM Residential Finance Limited and £2,100,000 to Close Brothers Limited

**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2011**

12 RELATED PARTY DISCLOSURES

Hencan Country Homes Limited is related to Hencan (Southern) Limited by virtue of common ownership and control Included in other debtors at 31 July 2011 is the balance owed by Hencan Country Homes Limited to Hencan (Southern) Limited was £133,786 (2010 £89,386)

Hencan Construction Limited is related to Hencan (Southern) Limited by virtue of common ownership and control Included in other debtors at 31 July 2011 is the balance owed by Hencan Construction Limited to Hencan (Southern) Limited was £52,450 (2010 £13,858)

Hencan Limited is related to Hencan (Southern) Limited by virtue of common ownership and control Included in other creditors at 31 July 2011 is the balance owed to Hencan Limited by Hencan (Southern) Limited was £48,584 (2010 £48,584)

13 ULTIMATE CONTROLLING PARTY

The ultimate controlling party is Robert Cattle by virtue of his 100% shareholding in the company

14 JOINT VENTURES

The company was involved in a joint venture being undertaken in the nominee company Trenac County Homes Limited During the year 50% of the joint ventures were controlled by the company The interest in the joint venture has been accounted for using the gross equity method

15 CONSOLIDATED PROFIT AND LOSS ACCOUNT

	£	£
Turnover group and share of joint ventures	1,362,384	
Less: share of joint ventures' turnover	-1,360,250	
Group turnover		2,134
Cost of sales		(53,645)
Gross loss		(51,511)
Administrative expenses		(137,725)
Group operating loss		(189,236)
Share of operating profit in Joint ventures	101,288	
		101,288
		(87,948)
Interest receivable (group)		950
Interest payable (group)		(267,763)
Interest payable (joint venture)		(47,443)
Loss on ordinary activities before tax		(402,204)
Tax on profit on ordinary activities*		590,967
Retained loss for group and its joint ventures		188,763
* Tax relates to the following		
Parent and subsidiaries	590,967	
Joint ventures	NIL	
Associates	NIL	

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 July 2011

16 CONSOLIDATED BALANCE SHEET

	£	£	£
Fixed assets			
Tangible assets		30,538	
			30,538
Current assets			
Investments			
Investments in joint ventures			
Share of gross assets	120,403		
Share of gross liabilities	(603,454)		
		(483,051)	
			(483,051)
Stock		4,448,356	
Debtors		754,392	
Cash at bank		15,897	
		5,218,645	
Creditors (due within one year)		(6,015,313)	
Net current assets			(1,422,719)
Total assets less current liabilities			(1,875,232)
Capital and reserves			
Called up share capital			2
Profit and loss account			(1,875,234)
Shareholders' funds (all equity)			(1,875,232)